



June 4, 2009

Green Exchange HUD Section 108 Loan Guarantee Program Application

1. Project Description

Introduction

The redevelopment of the Project, which is known as Green Exchange, is a commercial real estate development designed solely for the advancement of “green” business. By bringing together a mix of organizations focused on green business under one roof, Green Exchange will create an environment that provides opportunities for such organizations to grow. The Project will provide a significant retail presence, showroom galleries, office space, incubator work-live lofts and attractive common areas, creating an epicenter for green businesses and organizations in the Midwest.

The 275,000 square foot Project will consist of the design, construction and leasing of retail, showroom, office and 56 work/live loft spaces. First floor parking for 96 cars will be leased and included in tenant’s rental payments.

Location of the Project

The Project is located at 2545 West Diversey Avenue in Chicago, Illinois. It is approximately three miles north of downtown Chicago in the Logan Square Neighborhood. The Project is intended to draw retail and office customers from throughout the Chicagoland area. Green Exchange anticipates showcasing stores and offices that draw employees and visitors from the City of Chicago and its suburbs.

Rail transportation from Green Exchange to downtown Chicago is provided by Metra and elevated rail trains within one mile of the Project. O’Hare International Airport is located approximately 11.5 miles to the west and can be reached by car in approximately 20 minutes via the Kennedy Expressway, Interstate 90. Interstate 90 is located immediately west of the Project and provides full service easy access to and from both downtown Chicago and the suburbs. Within the Chicago area, the Owner believes there is a vibrant, globally concerned population which forms an excellent base of demand for green businesses.

The Site

The site is currently occupied by a four story concrete building which is vacant and under reconstruction. The site upon which the building is located is a generally rectangular lot whose southern border follows the angle of the Kennedy expressway. It has approximately 266 feet of frontage on Diversey Avenue and is bounded by Maplewood Street on the east, and Rockwell Street on the west. The existing building footprint is at the property line on all sides but the south. At the south end of the site is a vacated alley that runs between the building and the Northwestern Railway railroad tracks. Vehicular access to the site is available from Rockwell Street over the existing driveways. Utilities have been brought to the site. Pedestrian access to the site is available from Diversey, Maplewood and Rockwell Street.

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Site Planning.

The five story brick building will have approximately 227,450 square feet of rentable area (as measured in accordance with current Building Owners and Management Association (BOMA) standards, excluding parking area). Of this total, approximately 62,850 rentable square feet will be dedicated to 56 work/live lofts located on the east half of the building on floors three through five. Retail stores, showrooms and office totaling approximately 89,160 rentable square feet of retail store/showroom space will be located on the first and second floors. Offices totaling approximately 75,440 rentable square feet will be located on floors three and four in the west half of the building. Approximately 36,000 square feet is dedicated to interior parking on the first floor, comprising 96 interior parking spaces. The Project also contains a 12-car surface parking lot across Maplewood Street, which is intended for the retail customers. The CTA bus stops at the corner of Rockwell and Diversey Street.

Retail & Showrooms.

The first floor retail stores will have individual entries from Diversey Avenue. Each retail tenant will be permitted to place its identification sign above its entry. In addition, retailers on either side of the main lobby will have an entry from the main lobby. The lobby materials and design will be consistent with a "Class A" building. The escalator from the main lobby to the second floor will facilitate the flow of shoppers, visitors and employees from the main lobby to the second floor. The second floor will have significant amounts of glass in the hallway walls allowing for the sharing of natural light from the large window openings. Employees and visitors alike will have the benefit of superior occupant comfort and function in the retail showroom space. First floor retail space is being marketed and projected to lease at \$25 per square foot on a Triple Net basis. Retail and showroom space on the second floor is being marketed and projected to lease at \$18 per square foot on a Triple Net basis.

Work/Live Lofts.

The Work/Live lofts are commercial spaces not dwelling units per a prototype zoning established by PD 1094 passage date January 9, 2008. All Work/Live Units are "for rent" only and in order to receive a lease a tenant must have a business registered to that location see language below:

(B) Sub-Area A Building Use: The applicant acknowledges that the City of Chicago has approved the work-live units, described in Paragraph 10, as a pilot program to allow the City to study the efficacy of work-live units to promote "no commute" employment options within the City. The Applicant acknowledges that this pilot program shall have no precedential value and the City shall not be bound to permit any work-live units, other than those permitted by this Planned Development, to locate within the City of Chicago in the future. For the purposes of this Planned Development residential uses shall be limited to Work/Live Units. A Work/Live Unit shall be defined as a commercial unit that contains a dwelling space which is accessory to an ongoing commercial use within the same unit. A dwelling space shall be deemed accessory to the commercial unit to the extent that at least one of the occupants of each Work/Live Unit shall conduct a business in the unit and shall secure and



maintain the appropriate City of Chicago business licenses. Commercial uses allowed in such Work/Live Units shall be limited to those allowed in the following commercial and industrial use categories as defined in the C2 Motor Vehicle Related Commercial District:

- * Artists Work or Sales Space
- * Business Equipment Sales and Service
- * Business Support Services
- * Communication Service Establishments
- * Office
- * Personal Service
- * Retail Sales, General
- * Manufacturing, Production and Industrial Services (Only Artisan and only to the extent permitted by the Chicago Building Code)

The Project will include work/live loft units comprising studio, one and two bedroom units with one, two, or two and a half bathrooms that range in size from 700 to 1,700 square feet per unit. The loft portion of the building will contain a secured entry, and will be served by an elevator, making it accessible to the elderly and the handicapped. The building will include parking and bike storage for residents.

The units are designed with open floor plans to take advantage of light from the large energy efficient windows and the 13' ceilings. Most units have generous walk-in closets and will include either a private roof deck or a balcony. All units benefit from eco-friendly finishes including steel kitchen and vanity cabinets and finish materials containing recycled content. Units will have hardwood flooring that is sustainably harvested by Forest Stewardship Council (FSC) standards or cork flooring which is a renewable resource. Baths will have ceramic tile flooring. Units will have Energy Star rated appliances, where applicable, including refrigerators, dishwashers, micro-hoods, and gas ranges. All units will have in-unit laundry with larger units having side by side washer/dryers. The Work/Live space is being marketed and projected to lease at \$18 per square foot per year on a gross basis.

2. Sources and Uses

See attached budgets.

3. Institutional Arrangements

Owner/Applicant – Gx Chicago, LLC
Developer – Baum Development, LLC
General Contractor – Quantum Development Group, Inc.
Leasing Agent – Baum Realty Group
Equity – David Baum & Douglas Baum through LLC membership interests
Construction Loan – Associated Bank
Gx Chicago, LLC will own the assets upon completion



The City will borrow Section 108 loan funds and re-lend them to Gx Chicago, LLC a for-profit business.

4. Repayment Schedule

Applicant seeks a 20 year repayment schedule. Applicant requests a 3 year interest only option. The balance of the term will be a fully amortizing repayment schedule with a fixed interest rate.

5. Collateral

The Section 108 loan will be collateralized with a second lien on the real property known as Green Exchange located at 2545 West Diversey Avenue and the parking lot at 2755 – 2757 North Maplewood Street.

6. Time Table and Stages

Green Exchange has been fully entitled and permitted. Construction began in 2008 but due to the crisis in the credit markets the full construction loan could not be opened. Construction is now stopped and is approximately 25% complete.

Once construction fully remobilizes it is estimated that completion will take 10 months.

7. Eligible Activity

- Acquisition of real property
- Construction of public facilities, include street and sidewalk improvements.
- Payment of interest on the guaranteed loan and issuance costs of public offerings.
- Debt service reserves
- Hard construction costs

8. & 9. National Objective & Public Benefit Standards

The public benefits to completing Green Exchange are significant locally and nationally.

The former Cooper Lamp Building will remain a place of business and commerce in the community. Alternate plans called for luxury condominiums.

Green Exchange will be the largest LEED Platinum redevelopment in the Country.

Green Exchange is now a local landmark and on the National Register of Historic Places. All redevelopment design and construction will be consistent with both local and national landmark standards.



Green Exchange will offer new retail options; the building formerly did not include retail and these spaces will generate new sales tax revenue.

Construction of Green Exchange will involve 300 – 400 trades persons and consultants. Many of the jobs being performed by the trades are green collar jobs that are consistent with a cutting edge LEED Platinum building.

The 275,000 square foot project will be a multi-tenant building leased exclusively to tenants that offer a green product or service. The purpose of Green Exchange is to grow sustainable businesses by aggregating them in one location. Green Exchange will expand businesses and create new jobs with comprehensive marketing programs focused on business to business as well as business to consumer. We will educate, attract and build a growing base of green consumers.

Many of these jobs will be green collar jobs and will be available to federally qualified low-income residents facilitated through a grant by the U.S. Department of Health and Human Services Office of Community Services to LEED Council. This grant is enabling the LEED Council to lend at below market rates to tenants of Green Exchange that employ low-income, eligible, unemployed, public assistance recipients, at-risk youth, public housing residents or individuals transitioning from incarceration.

When Green Exchange is complete and fully leased it is anticipated that 300 – 500 persons will be working in the building. Green Exchange will be a catalyst. In addition to these permanent jobs at the project, we know of many prospective Green Exchange tenants who are looking to locate an assembly or manufacturing portion of their business in the nearby Rockwell Industrial Corridor. Revitalizing this industrial corridor will create additional green collar job opportunities for the community.

Community partner, the LEED Council, finalized a \$250,000 Tax Increment Financing (TIF-Funded) job placement program with the City of Chicago in April 2009 that will use proceeds from the Addison South Redevelopment Project Area to fund a job placement effort that will augment the job placement incentives being made available to tenants of the Green Exchange by the OCS program.

Green Exchange will be a significant investment in the Logan Square Community that will act as a catalyst for a “green corridor” that will help revitalize the Rockwell Industrial Corridor and Lathrop Homes.

Public Benefit – Job Categories

Design & Construction – Approximately 300 trades persons and consultants.

Full time occupants – Approximately 300 – 500 persons will be working in the building at full occupancy. These jobs may be new jobs or jobs that were formerly not in Chicago or Illinois. Alternatively businesses that wish to relocate that may already be in the City or State will be tenants as well; they may bring existing employees and/or hire additional ones. Many of these jobs will be green collar jobs.



LEED Council Placements – 58 jobs have been pledged for low-income entry level workers by the initial tenants. The amount of \$9,879.31 per job is available to tenants at a low-interest loan from the Health and Human Services, Office of Community Services grant received by LEED Council.

TIF Funded Job Placement Program – The LEED Council will be running a job training and placement program with the City of Chicago with \$250,000 in TIF assistance from the Addison South Redevelopment Project Area. It is expected that this program will locate and train federally qualified low-income individuals to prepare them for jobs at the Green Exchange. It is anticipated that this training and placement program will work in tandem with the OCS grant in supplying the qualified applicants and encouraging the hiring of such applicants. This program is expected to last for two years.

10. Contacts

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